

Senator Hohenstein, 33 fourth graders from Homer Elementary in the south balcony, Homer, Nebraska, with their teacher. Would you please stand and be welcomed by the Legislature. Thank you for coming. Mr. Clerk.

ASSISTANT CLERK: Mr. President, with respect to LB 38, it is a bill that was introduced by Senators Warner and Moore. (Read title.) The bill was read for the first time on January 7, referred to Revenue Committee. They report the bill to General File with amendments. (See AM1674 on page 1767 of the Legislative Journal.)

SENATOR HALL: Thank you, Mr. Clerk. Senator Warner, on the committee amendments.

SENATOR WARNER: Mr. President, members of the Legislature, the committee amendment on LB 38 strikes entirely from the bill the provisions contained in the bill as introduced which dealt with the growth with the budget process, and average growth that would be permitted in the growth of the state budget. We took that entire section out with the adoption of the committee amendment. The only thing left in the bill deals with the Cash Reserve Fund, and this is how it would work. The only thing left in the bill if the committee amendment is adopted is that each year in July the...which is the practice now, by the way, the Tax Commissioner and the Legislative Fiscal Analyst will spread on a monthly basis the estimate that would reflect the estimate that the Advisory Forecasting Board makes for income for the year, and under the provisions of the bill, if any quarter of those estimates exceed what...if the receipts exceed what was projected, the amount above the projections for that quarter would be placed in the Cash Reserve Fund. It would also work in the opposite direction, if for a quarter the receipts were less than was projected, money from the Cash Reserve Fund could flow back to the General Fund. That's in keeping with the purpose of the Cash Reserve Fund when it was originally established, which was a vehicle for maintaining adequate cash flows within the General Fund of the state. The thing that would be different here that if the receipts are growing faster than the estimates resulting in an accumulation of funds, they would stay in the Cash Reserve Fund if they are not needed for the cash flow purposes. The net effect of that is that in order to utilize those funds would require two pieces of legislation, as it does now, one piece of legislation that would authorize the amount of funds that would be transferred out of that Cash